

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2006  
WITH  
INDEPENDENT AUDITORS' REPORT

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BLISSFIELD TOWNSHIP	County LENAWEE
Audit Date 3-31-06	Opinion Date 9-25-06	Date Accountant Report Submitted to State: 10-06-06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) YEUTTER & ASSOCIATES, P.C.			
Street Address 225 W. ADRIAN ST	City BLISSFIELD	State MI	ZIP 49228
Accountant Signature			

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

INDEPENDENT AUDITORS' REPORT

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BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2006

As management of Blissfield Township, Lenawee County, Michigan, we offer readers of Blissfield Township's financial statements this narrative overview and analysis of the financial activities of Blissfield Township for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here.

**Financial Highlights**

- \* The assets of Blissfield Township exceeded its liabilities at the close of the most recent fiscal year by \$2,182,732 (net assets). Of this amount, \$251,680 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net assets increased \$35,053. This increase is attributable to surpluses in the fire operating, road improvement and fire department funds offset by depreciation expense of \$76,523.
- \* As of the close of the current year, Blissfield Township's governmental funds reported combined ending fund balances of \$773,866, a decrease of \$12,527 in comparison with the prior year.
- \* At the end of the current year, unreserved fund balance for the general fund was \$251,680 or 128 percent of total general fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Blissfield Township's basic financial statements. Blissfield Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Blissfield Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Blissfield Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Blissfield Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements show functions of Blissfield Township that are principally supported by taxes and intergovernmental revenues (governmental activities). There are no functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Blissfield Township include general government, fire operating, road improvement, special fire (equipment) and fire department funds.

The government-wide financial statements can be found on pages 3-4 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blissfield Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blissfield Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Blissfield Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire operating, special fire, and road improvement funds, which are considered to be major funds. The remaining fund, the fire department fund, is considered a nonmajor fund.

Blissfield Township adopts an annual appropriated budget for all major funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 5 - 11 of this report.

Fiduciary Fund. The Fiduciary Fund is used to account for resources held under tax collection activity. The Fiduciary Fund is not reflected in the government-wide financial statement.

The basic Fiduciary Fund financial statement can be found on page 12 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21 of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blissfield Township, assets exceeded liabilities by \$2,182,732 at the close of the most recent fiscal year.

The largest portion of Blissfield Township's net assets (65 percent) reflects its investment in capital assets (e.g., land, buildings, equipment). Blissfield Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Blissfield Township, Lenawee County, Michigan's Net Assets

	<u>Governmental Activities</u>
Current and other assets	\$ 775,897
Capital assets	<u>1,408,866</u>
Total assets	<u>\$ 2,184,763</u>
Total liabilities	<u>\$ 2,031</u>
Net assets:	
Invested in capital assets, net of related debt	\$ 1,408,866
Restricted	522,186
Unrestricted	<u>251,680</u>
Total net assets	<u>\$ 2,182,732</u>

A portion of Blissfield Township's net assets (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$251,680) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Blissfield Township is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

#### Financial Analysis of the Government's Funds

As noted earlier, Blissfield Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Blissfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Blissfield Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

As of the end of the current fiscal year, Blissfield Township's governmental funds reported combined ending fund balances of \$773,866, a decrease of \$12,527 in comparison with the prior year. Special Revenue Funds have \$522,186 available for their special uses.

The general fund is the chief operating fund of Blissfield Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$251,680.

The fund balance of Blissfield Township's general fund decreased by \$(4,341) during the current fiscal year. Key factors in this decrease were capital outlays of \$12,935, the majority of which was for a cemetery building and a decline in state revenue sharing of \$2,418.

#### **General Fund Budgetary Highlights**

There were no amendments to the budget for the Blissfield Township General Fund.

Actual expenditures for maintenance of the Township's cemeteries exceeded budget by \$9,965. Downtown development authority and drains at large expenditures exceeded budget by \$1,063 and \$347 respectively.

**Capital assets.** Blissfield Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$1,408,866 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment, machinery and equipment, and fire vehicles and equipment. The total increase in Blissfield Township's investment in capital assets for the current fiscal year was \$47,580.

Major capital purchases during the current fiscal year were an ambulance (\$103,640) for the fire department and a building constructed at the Pleasant View Cemetery (\$10,435).

#### **Blissfield Township, Lenawee County, Michigan's Capital Assets**

Land	\$	74,432
Land improvements		48,585
Buildings		773,802
Machinery and equipment		84,775
Fire vehicles and equipment		419,959
Office furniture and equipment		<u>7,313</u>
Total	\$	<u><u>1,408,866</u></u>

Additional information on Blissfield Township's capital assets can be found in Note 4 on page 20.



### **Economic Factors and Next Year's Budgets and Rates**

The 2006-2007 General Fund budget that was adopted for Blissfield Township is conservative. We expect a decrease of over \$20,000 in revenue. A decrease of over \$12,000 has been budgeted for property taxes. Interest income may increase, but that is a small portion of our budget.

A decrease in General fund expenditures are budgeted for 2006-2007. Expenditures for 2005-2006 were \$195,878 and included \$12,935 of capital expenditures. The 2006-2007 expenditure budget is \$170,650 with only \$2,000 of capital expenditures anticipated.

The fire operating fund budget for 2006-2007 is very conservative. Budgeted revenues are only \$136,976 compared to \$149,490 actual for 2005-2006. Property taxes are budgeted to be \$11,596 less than 2005-2006 actuals. Ambulance billings are budgeted about the same as 2005-2006 actuals. Budgeted expenditures are \$135,401 compared to 2005-2006 actuals of \$122,659.

The special fire (equipment) fund budget does not include any budgeted expenditures for the year 2006-2007.

The road fund should have in excess of \$320,000 available for maintenance and improvement projects. The Township historically has spent much less than this annually.

### **Requests for Information**

This financial report is designed to provide a general overview of Blissfield Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Blissfield Township, Box 58, Blissfield, Michigan 49228.



September 25, 2006

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Blissfield Township  
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blissfield Township, Lenawee County, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended and interpreted, as of March 31, 2004.

Page 2

September 25, 2006

Blissfield Township  
Lenawee County, Michigan

The management's discussion and analysis on pages i through vii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blissfield Township, Lenawee County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeutter & Associates, P.C.*

Yeutter & Associates, P.C.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

STATEMENT OF NET ASSETS

PRIMARY GOVERNMENT

March 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 582,426
Investments	176,763
Taxes receivable	15,692
Accounts receivable	1,016
Total current assets	<u>775,897</u>
Capital assets:	
Land	74,432
Land improvements	55,470
Buildings and improvements	981,458
Machinery and equipment	12,060
Fire vehicles & equipment	896,965
Office & computer equipment	8,977
Furniture and fixtures	6,547
Accumulated depreciation	(627,043)
Total capital assets	<u>1,408,866</u>
Total assets	<u>\$ 2,184,763</u>
<u>Liabilities</u>	
Total liabilities	<u>\$ 2,031</u>
NET ASSETS:	
Invested in capital assets	\$ 1,408,866
Restricted for:	
Fire operations	185,933
Road maintenance	242,509
Fire equipment	91,925
Fire Department	1,819
Unrestricted	<u>251,680</u>
Total net assets	<u>\$ 2,182,732</u>

The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

PRIMARY GOVERNMENT

March 31, 2006

			Net (Expense) Revenue and Changes in Net Assets
			<u>Primary Government</u>
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 170,411	\$ 32,068	\$ (138,343)
Public safety	204,570	40,652	(163,918)
Highways and streets	99,365		(99,365)
Other	<u>18,410</u>		<u>(18,410)</u>
Total governmental activities	\$ <u>492,756</u>	\$ <u>72,720</u>	\$ <u>(420,036)</u>
General Revenues:			
Property taxes			\$ 366,955
State revenues			47,935
Investment earnings			12,092
Donations			22,349
Other			<u>5,758</u>
Total general revenues and transfers			<u>455,089</u>
Change in net assets			35,053
Net assets - beginning of year			2,147,679
Net assets - end of year			<u><u>\$ 2,182,732</u></u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

March 31, 2006

<u>Assets</u>	General	Fire Operating	Special Fire	Road Improvement	Nonmajor Fund	Total Governmental Funds
Cash	\$ 248,611	\$ 4,527	\$ 91,925	\$ 235,544	\$ 1,819	\$ 582,426
Investments		176,763				176,763
Taxes receivable	4,136	4,622		6,934		15,692
Accounts receivable	964	21		31		1,016
Total assets	\$ 253,711	\$ 185,933	\$ 91,925	\$ 242,509	\$ 1,819	\$ 775,897
<u>Liabilities</u>						
Total liabilities	\$ 2,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,031

Fund balances:

Unreserved, reported in:

General Fund	251,680					251,680
Special Revenue Funds		185,933	91,925	242,509	1,819	522,186
Total fund balances	\$ 251,680	\$ 185,933	\$ 91,925	\$ 242,509	\$ 1,819	\$ 773,866

Total liabilities

and fund balances	\$ 253,711	\$ 185,933	\$ 91,925	\$ 242,509	\$ 1,819	\$ 775,897
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Total governmental fund balances

	\$ 773,866
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are not  
financial resources and are not reported in the funds  
The cost of the capital assets is  
The accumulated depreciation is

2,035,909
(627,043)

Net assets of governmental activities

\$ 2,182,732
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The notes to the financial statements are an integral  
part of this sta

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--

GOVERNMENTAL FUNDS

For the Year Ended March 31, 2006

	General	Fire Operating	Special Fire	Road Improvement	Nonmajor Fund	Total Governmental Funds
Revenues:						
Property taxes	\$ 99,275	\$ 107,072	\$	\$ 160,608	\$	\$ 366,955
State shared revenues	47,935					47,935
Charges for services:						
Cemetery	29,550					29,550
Ambulance and fire		40,652				40,652
Permit fees	2,518					2,518
Donations			10,000		12,349	22,349
Interest	6,501	1,766	1,390	2,423	12	12,092
Miscellaneous	5,758					5,758
Total revenues	<u>191,537</u>	<u>149,490</u>	<u>11,390</u>	<u>163,031</u>	<u>12,361</u>	<u>527,809</u>
Expenditures:						
General government:						
Administration	105,876					105,876
Inspections/appraisal	20,727					20,727
Cemetery	37,930					37,930
Capital outlay	12,935					12,935
Public safety:						
Fire protection		122,659			11,266	133,925
Capital outlay			103,640		7,528	111,168
Public works:						
Highways & streets				99,365		99,365
Other:						
Downtown development authority	12,063					12,063
Drains at large	6,347					6,347
Miscellaneous						0
Total expenditures	<u>195,878</u>	<u>122,659</u>	<u>103,640</u>	<u>99,365</u>	<u>18,794</u>	<u>540,336</u>

Excess(deficiency) of revenues over(under) expenditures	(4,341)	26,831	(92,250)	63,666	(6,433)	(12,527)
Other financing sources (uses) :						
Transfers in						0
Transfers out						0
Total other financing sources(uses)	0	0	0	0	0	0
Net change in fund balances	(4,341)	26,831	(92,250)	63,666	(6,433)	(12,527)
Fund balances-beg. of year	256,021	159,103	184,175	178,843	8,251	786,393
Fund balances-end of year \$	251,680 \$	185,934 \$	91,925 \$	242,509 \$	1,818	\$ 773,866

The notes to the financial statements are an integral part of this statement.



BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

March 31, 2006

Net change in fund balances - total governmental funds	\$ (12,527)
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures  
in the Statement of Activities. These costs are allocated  
over their estimated useful lives as depreciation.

Depreciation expense	(76,523)
Capital outlay	<u>124,103</u>

Change in net assets in governmental activities	\$ <u><u>35,053</u></u>
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The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Property taxes	\$ 93,000	\$ 93,000	\$ 99,275	\$ 6,275
State share revenues	49,000	49,000	47,935	(1,065)
Charges for services:				
Cemetery	14,000	14,000	29,550	15,550
Permit fees	3,000	3,000	2,518	(482)
Interest	3,000	3,000	6,501	3,501
Miscellaneous	350	350	5,758	5,408
Total revenues	<u>162,350</u>	<u>162,350</u>	<u>191,537</u>	<u>29,187</u>
Expenditures:				
General Government				
Administration	122,700	122,700	108,376	14,324
Inspections/Appraisal	23,500	23,500	20,727	2,773
Cemetery	38,400	38,400	48,365	(9,965)
Other:				
Downtown development authority	11,000	11,000	12,063	(1,063)
Drains at large	6,000	6,000	6,347	(347)
Total expenditures	<u>201,600</u>	<u>201,600</u>	<u>195,878</u>	<u>5,722</u>
Excess (deficiency) of revenues over (under) expenditures	(39,250)	(39,250)	(4,341)	34,909
Fund balance - beg. of year			<u>256,021</u>	
Fund balance - end of year			<u>\$ 251,680</u>	

The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>Positive (Negative)</u>
Revenues:				
Property taxes	\$ 99,000	\$ 99,000	\$ 107,072	\$ 8,072
Charges for services:				
Ambulance and fire	5,000	5,000	40,652	35,652
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,766</u>	<u>766</u>
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>149,490</u>	<u>44,490</u>
Expenditures:				
Public safety:				
Fire protection	<u>131,100</u>	<u>131,100</u>	<u>122,659</u>	<u>8,441</u>
Total expenditures	<u>131,100</u>	<u>131,100</u>	<u>122,659</u>	<u>8,441</u>
Excess (deficiency) of revenues over (under) expenditures	(26,100)	(26,100)	26,831	52,931
Fund balance - beg. of year			<u>159,103</u>	
Fund balance - end of year			<u>\$ 185,934</u>	

The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

SPECIAL FIRE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 500	\$ 500	\$ 1,390	\$ 890
Donations			10,000	10,000
Total revenues	500	500	11,390	10,890
Expenditures:				
Public safety:				
Capital outlay	125,000	125,000	103,640	21,360
Other:				
Miscellaneous				0
Total expenditures	125,000	125,000	103,640	21,360
Excess(deficiency) of revenues over(under) expenditures	(124,500)	(124,500)	(92,250)	32,250
Net change in fund balance	(124,500)	(124,500)	(92,250)	32,250
Fund balance - beg. of year			184,175	
Fund balance - end of year			\$ 91,925	

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

ROAD IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 145,000	\$ 145,000	\$ 160,608	\$ 15,608
Interest	<u>500</u>	<u>500</u>	<u>2,423</u>	<u>1,923</u>
Total revenues	<u>145,500</u>	<u>145,500</u>	<u>163,031</u>	<u>17,531</u>
Expenditures:				
Public works:				
Highways & streets	<u>315,000</u>	<u>315,000</u>	<u>99,365</u>	<u>215,635</u>
Total expenditures	<u>315,000</u>	<u>315,000</u>	<u>99,365</u>	<u>215,635</u>
Deficiency of revenues under expenditures	(169,500)	(169,500)	63,666	233,166
Fund balance - beg. of year			<u>178,843</u>	
Fund balance - end of year			<u>\$ 242,509</u>	

The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
March 31, 2006

<u>ASSETS</u>	Agency Fund
Cash and cash equivalents	\$ <u>1,663</u>
Total assets	\$ <u><u>1,663</u></u>

<u>LIABILITIES</u>	
Accounts payable	\$ <u>1,663</u>
Total liabilities	\$ <u><u>1,663</u></u>

The notes to the financial statements are an integral  
part of this statement.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Blissfield Township, Lenawee County, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Effective March 31, 2004, Blissfield Township, Lenawee County, Michigan implemented the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the statement include the following:

- \* A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations has been included with the financial statements.
- \* Financial statements prepared using full accrual accounting for all of the Township's activities.
- \* A change in the fund financial statements to focus on the major fund.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). Blissfield Township has elected to implement the general provisions of the statement.

A. Reporting Entity

The Township of Blissfield is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Blissfield Township as a primary government. There are no component units to the Township.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The Township has only Governmental activities, which normally are supported by taxes and intergovernmental revenues. The Township has no business-type activities, which rely to a significant extent on fees and charges for support.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and a fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.



BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

The Fire Operating Fund accounts for financial resources of the Township's Fire Department.

The Special Fire Fund accounts for funds levied for the purchase of fire department equipment.

The Road Improvement Fund accounts for the maintenance of the roads within the limits of the Township.

Additionally, the government reports the following fund types:

The Special Revenue Fund (Fire Department) is used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for particular purposes. These funds have been received mostly from fund raising activities of fire department personnel.

The Fiduciary Fund (Tax Collection Fund) is a trust and agency fund used to account for assets held by the Township in a trustee capacity or as an agent for individuals private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted first, then unrestricted resources as they are needed.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity due within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Township will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances".

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2006.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

Properties are assessed as of December 31 and the tax levies are July 1 and December 1 of the following year. The tax levies of July 1 and December 1, 2005 are revenues in the Township's fiscal year ended March 31, 2006.

The Township had a general tax millage of .8849 for 2005. The Township's maximum allowable millage is 1.0 mills.

A lien on the property occurs when the taxes are levied. Taxes are levied December 1 and are payable by February 14 without penalty.

Since the County through revolving funds obtains the delinquent real property taxes for the Township, the sixty (60) day rule does not apply to such delinquent taxes receivable.

3. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are generally defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	30
Buildings	50
Machinery and equipment	10
Office equipment	10
Computer equipment	5
Furniture	20
Fire vehicles	20
Fire equipment	10

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

The government-wide statement of net assets reports \$522,186 of restricted net assets of which \$-0- is restricted by enabling legislation.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedure outlined by the State of Michigan including public hearings and proper adoption. All major funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Blissfield Township did not incur total expenditures in excess of the total amount appropriated in any of their funds. Three expenditure functions in the General Fund budget exceeded the amount budgeted.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

NOTE 3. DEPOSITS

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2006, \$529,864 of the Township's bank balances of \$759,189 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$529,864</u>
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BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2006 is as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Governmental activities:				
Assets, not being depreciated - land	\$ 74,432	\$	\$	\$ 74,432
Land improvements	55,470			55,470
Buildings & improvements	968,523	12,935		981,458
Machinery & equipment	12,060			12,060
Fire vehicles & equipment	785,797	111,168		896,965
Office & computer equip.	8,977			8,977
Furniture & fixtures	6,547			6,547
Total depreciable capital assets	<u>1,837,374</u>	<u>124,103</u>	<u>0</u>	<u>1,961,477</u>
Less: Accum. Depreciation for:				
Land improvements	5,037	1,848		6,885
Buildings & improvements	187,823	19,833		207,656
Machinery & equipment	6,894	1,157		8,051
Fire vehicles & equipment	343,763	52,477		396,240
Office & computer equip.	5,919	881		6,800
Furniture & fixtures	1,084	327		1,411
Total accumulated depreciation	<u>550,520</u>	<u>76,523</u>	<u>0</u>	<u>627,043</u>
Net depreciable capital assets	<u>1,286,854</u>	<u>47,580</u>	<u>0</u>	<u>1,334,434</u>
Governmental activities net capital assets	<u>\$ 1,361,286</u>	<u>\$ 47,580</u>	<u>\$ 0</u>	<u>\$ 1,408,866</u>

Depreciation expense charged to functions is as follows:

Governmental activities:	
General government	\$ 5,878
Public safety	<u>70,645</u>
Total depreciation expense governmental activities	<u>\$ 76,523</u>

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE 5. INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund transfers:

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) use Fire Department (nonmajor fund) revenues restricted for capital expenditures to the Special Fire Fund (major fund) which is restricted for the same purpose.

There were no interfund transfers for the year ended March 31, 2006.

BLISSFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN

TAX COLLECTION FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2006

	Balance			Balance
<u>ASSETS</u>	<u>April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2006</u>
Cash in bank	\$ <u>1,788</u>	\$ <u>2,411,966</u>	\$ <u>2,412,091</u>	\$ <u>1,663</u>
Total assets	\$ <u><u>1,788</u></u>	\$ <u><u>2,411,966</u></u>	\$ <u><u>2,412,091</u></u>	\$ <u><u>1,663</u></u>
 <u>LIABILITIES</u>				
Interfund payable	\$ 1,581	\$ 331,474	\$ 332,039	\$ 1,016
Due to other taxing units	<u>207</u>	<u>2,080,492</u>	<u>2,080,052</u>	<u>647</u>
Total liabilities	\$ <u><u>1,788</u></u>	\$ <u><u>2,411,966</u></u>	\$ <u><u>2,412,091</u></u>	\$ <u><u>1,663</u></u>